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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 001097

SIPDIS

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TAGS: [EAID](#) [PREL](#) [EINV](#) [KCOR](#) [ECON](#) [PGOV](#) [IZ](#)
SUBJECT: FM ZEBARI,S CHIEF OF STAFF PROMISES HELP WITH
ASSET TRANSFER, OIL-FOR-FOOD DOCUMENTS

REF: BAGHDAD 976

Classified By: EMIN Ambassador Marc Wall, reasons 1.4(b,d)

11. (C) SUMMARY: During an April 16 meeting with EMIN Wall, Foreign Minister Zebari,s Chief of Staff, Ambassador Srood 1R. Najib noted that he would facilitate formalizing documents related to physical assets transfer from the USG to the Government of Iraq (GOI). After many months of delay, Najib also said he was ready to accept the Oil-for-Food documents currently stored in Embassy facilities. He offered to help in releasing \$150,000 of water pipes impounded by Iraq Customs at Umm Qasr port for a Sadr City water treatment plant. Najib also said he would assist us in liaison with the Council of Representatives about three important bilateral agreements awaiting ratification since 2005 (reftel). END SUMMARY

Asset Transfer Documentation

12. (C) EMIN noted that there are plans underway between the Embassy and Deputy Prime Minister Issawi,s office to begin formal documentation for the transfer of USG-provided assistance projects to responsible GOI authorities. The first step will be a note from the GOI to the U.S. formally announcing the decision by the Council of Ministers, to which the U.S. will respond. Once that process is completed, the Embassy will work closely with the Ministry of Planning on a Memorandum of Understanding and to coordinate implementation. DPM Issawi had already passed an L-cleared draft of the proposed note to the Minister of Foreign Affairs, but we wanted to alert Najib that we hoped he could expedite the process. The Embassy presented Najib with a copy of the draft text in Arabic and English.

13. (C) Najib responded that he agreed that the note should come from the MFA and that a decision had just been reached with the Prime Minister that would recommend that all further exchanges of notes go through the Ministry of Foreign Affairs (MFA). The problem is not the U.S., he added, but other Embassies and international delegations going straight to the Prime Minister,s office or the line ministries directly and making arrangements without the knowledge or coordination of the MFA. &But when there,s a problem, they come to the MFA to solve it,8 he stated.

Oil-for-Food Documents Breakthrough

14. (C) After months of delay, Ambassador Najib said that he was ready to take the Oil-for-Food (OFF) documents from Embassy storage. Najib told us his plan for the documents was to scan them and then send electronic versions to the relevant ministries with outstanding issues related to OFF contracts. He said that no contracts remain open, but

responses are required on questions related to 60 contracts by the end of May. &Some of our ministries did not act on contracts for eight years, from 2001) 2009. I have no more excuses for our government anymore,8 he said.

¶5. (C) Najib made clear that the fate of the OFF documents has been fraught with intrigue, various agendas (both within the GOI and among other international actors) and danger. He asserted that he had been targeted for assassination three times because of his involvement. &There were millions, even billions of dollars of corruption connected with OFF. Even Iran was involved despite the war,8 he stated. Najib said he himself cancelled 19,000 contracts related to the Qsaid he himself cancelled 19,000 contracts related to the previous government, returning the money to the Development Fund for Iraq. He said the former regime was &brilliant at smuggling and laundering money8 and had frequently used the Ministry of Agriculture, which has hundreds of departments and 100,000 employees, for this purpose. Najib said he also wanted interest paid on the money held by the United Nations. &We are also having trouble with the Russians. They refuse to give us documents in a couple of cases,8 he noted. Najib also stated that some corrupt Jordanians had skimmed millions from OFF contracts without consequences. &That was money that cost the lives of women and children.8

Agreements and Water Pipes

¶6. (SBU) EMIN also asked Najib,s help with three agreements (Overseas Private Investment Corporation Investment Incentive Agreement, Trade and Investment Framework Agreement, and Bilateral Assistance Agreement) signed in 2005 but pending

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ratification in the CoR since then (reftel). Najib requested further information and said he would seek ways to help move the discussion forward with the CoR. He also asked the Embassy to send him a Note Verbale and he would request that Customs release the \$150,000 of impounded water pipes needed for a Sadr City water treatment project. Following the meeting, we forwarded to Najib our letter to the Prime Minister,s office on the assistance agreement.

¶7. (C) Comment: Najib,s promises of help on the pending agreements, and his pledge to move forward with transfer of the OFF documents, are all positive developments. However, Najib has a track record of promising more than he can deliver. We will continue to work with the MFA, and with other GOI agencies, to press for progress on the bilateral agreements.
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